



SPECIAL

LIBRARY

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SPECIAL
TO THE
HONOURABLE SENATORS
AND
MEMBERS OF THE COMMONS
OF THE
DOMINION OF CANADA
BY
THOMAS L. WILSON.

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{ 60 ST. FAMILLE STREET,
MONTREAL, June 26, 1879.

DEAR SIR,

As my attention has been drawn most naturally towards the proposed governmental life insurance scheme, seeing that it not only concerns myself as a husband and father, but all similarly situated in that honoured status, either as fathers, brothers or protectors; my mind was consequently directed to decide in the premises, as to what course I should take, and I at once concluded that it was an imperative duty due, not only to my own family, but to the whole community, and the Government of my adopted Country, to use my uttermost efforts with our Legislators, Patriots and Philanthropists, who have the power to confer on our own "flesh and blood," the great blessings positively embraced in the said work.

Therefore, in order to further that conclusion, I have the honour of presenting to you this circular, earnestly hoping that you will be pleased to specially consider all the facts herein set forth—being authoritatively quoted—seeing that you are one of the Representatives of the people, both in point of power, influence and responsibility.

Another important reason for this circular is the fact, that I have learned with profound sorrow, that a combined effort on the part of certain of the private companies, has been decided on, to oppose and defeat, if possible, the proposed scheme; hence my anxiety to do my part in support of the government measure, and so counteract the machinations of the enemies of our common but humane interests; and further permit me to add, as an historical refresher to your memory, that it need not surprise any one that opposition to such a noble and pure cause should arise in the quarter indicated, when we remember the tremendous struggle that the whole souled statesman, Sir Rowland Hill had, in landing his cheap postal system; but will any one to-day, say that it is not a universal benefit, not only to our own Sun-bound Empire, but to all other Nations. Again, Sir Wm. Armstrong had almost as tough a battle to fight to get his grooved bore guns adopted in preference to the smooth ones, but does any one, even in so short a time after its

adoption, insinuate in any material particular, that the principle is not a great success, and in a most telling manner, has it not assisted in upholding the prowess of British arms amongst the Nations of the Earth ; and has it not ever been the lot of the purest minded, and noblest disposition, to meet with opposition in their gallant struggles for the amelioration, elevation and prosperity of their States and Commonwealths, not even excepting the useful inventor Cartwright, the brave Wilberforce, and the persevering Stevenson ; in some instances opposition has arisen from conscientious motives, but in most cases—history in all ages will verify the assertion,—that it arose more especially from personal interests than from any other cause, particularly when large sums of money and monopolies were at stake.

I trust I shall show you conclusively, that nothing in this wide world can influence or cause opposition to the scheme in question, except that of commonplace selfishness of the few, because of their financial interests, which are ranked against the just demands of the whole community. I therefore salute with all due deference, every good and true man, in every station of life, and call upon him to cast in his influence for the adoption of this humane and powerful measure, as he loves his own wife and children, reveres his manhood, and respects his country and its prosperity, which gives him his salt.

I doubt not that you will act after mature deliberation, with manful moral courage in this matter, as one whose hands have been kept clean, his conscience light and energies correctly directed, and therefore free to look every man straight in the eye, when called upon to act in so righteous a cause.

In such a frame of mind, and holding such views, you will readily perceive good cause why I should approach you thus, when I inform you that I conscientiously believe it to be one of the most important measures ever advanced in any house of Parliament, for the well-being of the whole community, either in viewing it from the standpoints of morality, social science, or financial prosperity ; the latter embracing the State as practically as the individual ; as the sequel of this circular will fully illustrate.

I need scarcely remind you that " the governmental life insurance scheme " strikes more or less, against one of the greatest financial combinations the world has known, for instance, in the United States alone, the private companies have aggregated already more

than three hundred and fifty millions of the people's money, and is increasing this largely every year—which of itself is a great danger financially and politically—so you can easily appreciate the situation, as to how such a power must feel, and look upon the proposed change. You can readily perceive how many Presidents, Vice-Presidents and Agents are enjoying such rich sinecures, and how frequently one or another of the branches of this gigantic trunk, rots, falls and crumbles into dust ; and is only heard from through the wailing cry of a fond but crushed Mother, or perchance, you may pass by the blighted home that you once knew when a noble and generous husband caused happiness and plenty to reign under its roof,—as the green bay tree that flourishes in our glorious valley—but now the abode is changed to melancholy, leanness, chill and distress ; purely the fruit of that wretched company, who by the vile and cold hearted knavery of its leaders, plundered and squandered the funds so sacredly paid in by the honest husband and affectionate father, as a fund of trust, but so cold bloodedly poached and thieved by those who have in too many cases forced themselves to the front. Just contemplate this record and fact that more than three hundred and sixty companies that have gone down in the United States and Great Britain within thirty years, and ask yourself the question—how many orphans have been thus made penniless and floated upon their country in gross ignorance and sin, and finally to mature into womanhood and manhood with nothing better before them than a lowering horizon, impelling them on to licentiousness, beggary and law breaking ; therefore, let me appeal to your best manhood, your noblest thoughts, and highest ambition, to resolve at once, to exert your best powers, and cast your vote for the noble change proposed. In such a case surely, Heaven's best blessing will fall on the men who bring about such a consummation, remembering that this work when done right, is once and forever done ; and for all time to come, will the moral influences, the financial benefits, and universal well-being of the Dominion follow you, in your own breast first, your hearthstone second, and the broad land third.

It is truly deplorable to know how that the wiles, subtleties and fascinations of money can be made to play most unworthy influence on the heart of men when not on their guard, and allure them into its meshes, and so possibly defeat a most righteous cause. Therefore, allow me to say, that by supporting this measure, you are performing

an act of the highest chivalry, for in it, is embraced "protection to the weak against the strong," viz, dead men's legacies to their wives and children against the unscrupulous rapacity of the living, the latter being the *emissaries of such companies*. You are doing more, for you are putting it out of the power of such men to compete by artful manipulation, and live legally (miscalled so) out of the Widow's mite and swallow the Orphans provisions. Remember that the very nature of their combinations are to make money at all hazard, and if need be, without principle :—For the moment; consider the enormous expenses in working such a complex amount of machinery, divided into so many private competing companies, as is the case before us, *each one vicing with all the others at every step*, having each their own staff in every considerable place of business, causing millions of dollars to be spent in buildings, useless extravagant salaries for questionable figure-heads, and the vast number of stockholders, &c., &c. I need not tell you from what source these millions are drawn, or who are the real parties that have to bear the burthen ultimately. Is it not the lonely Widow and Children of those who, in their lifetime, paid in this money, and those who are so mercilessly defrauded in their time of weakness, in the struggle for their just rights.

I fearlessly assert without any dread of material contradiction, that outside the "Government Scheme," there is no actual reliable safety for the Insured. In it is the only true guarantee for the people's life insurance money, for under its control there is both the very best security and the greatest economy, and at the same time, conserving the large savings so wisely husbanded within, and for our country's special benefit.

If the present practice is allowed to continue, after all these facts have been laid before our Patriotic Legislators, it can only be considered as a most wantonly stupid act, and to permit the deporting of such immense sums never to return, is virtually to beggar our energies in favour of foreign countries. Therefore, it does seem but reasonable to expect that you, sir, as one of our honoured Legislators, will inscribe your name in favour of this, the most humane measure ever conferred on any people, knowing that in it are to be found the very germs of the purest, the loftiest, and grandest aspirations of our Christian Faith, viz., "Faith, Hope and Charity," which law, if correctly made, will embrace all these sentiments in its fold, and for ever

protect our Women, Boys and Girls, who are to take our places in this great Dominion, and secure to them a sound Social, Moral and Financial Status of *universal advantage*.

I will now refer you to the *de facto* proofs for what I have asserted, by calling your special attention to the statement and figures prepared by Mr. Thomas R. Johnson, who has kindly granted me the privilege of using the same, and also furnished me with copies of certain correspondence that appeared in the Press, and is worthy of reproduction in case you have not read it before, Mr. Johnson has evidently laboured long and assiduously on this important question, and knowing him personally as I do, for so many years, I most heartily endorse his sentiments. In a word, I may state that he is a person of the highest integrity, possessing undoubted talents as a first class Accountant and Statistician, especially in that nice and delicate work of *disintegrating the reality from the sham*, and better still, *in winnowing the chaff from the wheat*, particularly when boasted Experts have so garbled, distorted and purposely constructed in mystical position, figures and statements, for the direct purpose of blinding the public vision, so that they—the Experts—may remain the sole arbiters of their own cunning but selfish concoctions. As considerable evidence of his work has come under my own observation, I can appreciate his labours, and am happy to be permitted to state, that he assures me, that he has positive proof of the accuracy of his work on this subject, which he is willing to produce in detail when required to do so. As his letters cover many important facts, I append them *in extenso*; but on reference to the Table you will observe that by our Government adopting the scheme, in forty-one years, *the saving* will amount to over *two hundred million dollars*. It is the grossest subterfuge for his assailants, to question his death rate allowance, because he has the highest authority for what he asserts, while the others, who are strictly partizans, only make unsupported assertions of the wildest kind, with no proof.

I here take leave to resent in the strongest sense of the word, the cowardly and factious attack that was made by one of the leading journals in the Province of Ontario, which, for the occasion, assumed the gallant Role of "Penny-trumpeter," in the interest of the fraternity of insurance companies, and against one of the most national, unpartizan and sound State measures ever contemplated, there-

fore, it was the veriest partizan cant affectation that could be possibly penned—to brand such a measure as “a political job,” got up for party purposes—for be it remembered, that the late Minister of Finance had the scheme in hand since 1875, and he with many other Reformers, endorsed it on Patriotic grounds. Why did not that large hearted journal criticise the measure then? Simply because the boot was then on the other political foot, as to who would have the credit for this philanthropic scheme.

I trust that you will not look upon this circular in the light of an *exposée*, for it is but a mere myth in that direction, and should the necessity arise for such a work, I will give it in such a shape as will convince the most unsophisticated on its face, as I possess undoubted material from which to build a telling tale. having been practically connected with certain life insurance companies for several years.

I am, Sir,

Your most obedient servant,

THOMAS L. WILSON.

P.S—I append *verbatim* Mr. Johnson's closing observations taken from his pamphlet.

CLOSING OBSERVATIONS.

A few points may here be briefly stated, in order to be remembered, which are of great importance.

Confidence has undoubtedly been considerably shaken in the present system, by reason of the serious exposures already made as to mismanagement, shrinkage of assets in various ways, and the uncertainties of the future failures.

Doubts exist as to the continuance in office of trust worthy and honourable Directors and Managers, because *all* are subject to the caprice of interested combinations, aiming to promote their own interests at all hazards.

Working of Companies, as matter of speculation, is unsatisfactory; their pecuniary interests are shown by evading, in every conceivable manner, the payments due to the widows and orphans when they are practically helpless. The earnings of Companies are looked upon by them as their own *nominally*—holding a reserve from which to pay claims, when they are *forced* to do so—dividing and appropriating all else as they please.

Funds, under the present system, are held either by Trustees or Board of Directors (also continually subject to change, as already explained.) They *nominally* hold by far too much of the people's money—and this, very frequently, in a most precarious manner; at any rate, it is so viewed by the insured, who have to depend entirely on the conduct of those officers—the latter being irresponsible to them—for the investments that are considered by policy-holders as their chief security, and over which and whom they have no voice whatever.

Advantages proposed and secured by the Government Plan, are implicit confidence in the integrity and ability of the Federal Government to discharge its every obligation. An universal and unalterable law and system, placing the facilities and advantages on an equitable basis, within the reach of the poor as well as the middle and upper classes of the whole nation—the positive security offered that EVERY POLICY SHALL BE PAID ITS FULL VALUE—and the application of the surplus earnings and savings, not in dividends to numerous stockholders, directors, and the like, but for the good of the whole country, in wiping out the debt of the nation, which is constructively equal to reducing the individual liabilities and burdens of every person. It will also relieve the mind of those most interested from endless anxieties as to the actual money that will be handed over to the widows and orphans of the insured. In such case, there will be no need of being troubled as to the integrity of this or that person, or the value of this or that investment, or the truthfulness of this or that report, statement, or scheme, as all will be most efficiently managed and secured by the Great Government of the nation. So that all may rest in peace and happiness—and many a poor and otherwise doubting heart, on a bed of sickness, rejoice in the assurance that the timely provision made will be sacredly carried out to the letter.

Finally, let the reader not lose sight of the fact that all profits are applied by the new plan in the interest of all, instead of in the interests of interested individuals, as at present, and giving a *free choice* to all where to insure.

FOR THE DOMINION OF CANADA.

APPARENT RESULT OF LIFE INSURANCE UNDER GOVERNMENT MANAGEMENT, IF ONLY DOING THE SAME AMOUNT OF BUSINESS AS THE AGGREGATE OF ALL EXISTING COMPANIES IN CANADA—SAY 10,000 LIVES, AND INCREASING BY THAT NUMBER YEARLY LESS DEATHS—AVERAGE POLICIES \$2,000; PREMIUMS \$23.00 PER \$1,000.

Year from Organization.	Lives and Renewals to Insure.	Premiums and Interest at 4 per cent.	Probable Deaths. Highest Rates. Reported 14 per 1000.	Death Claims \$2000 each.	Commission and other Charges.	Total Disbursements.	Total Receipts.	Yearly Balances.	Accumulated Balances.
1	10,000	\$460,000	140	\$280,000	\$122,000	\$402,000	\$460,000	\$58,000	\$58,000
2	19,860	915,880	278	556,000	144,678	700,678	915,880	215,202	273,202
3	29,582	1,371,700	414	828,000	167,038	995,038	1,371,700	376,662	649,864
4	39,168	1,827,722	548	1,096,000	189,086	1,285,086	1,827,722	542,636	1,192,500
5	48,620	2,284,220	680	1,360,000	210,826	1,570,826	2,284,220	713,394	1,905,894
6	57,940	2,741,475	811	1,622,000	232,262	1,854,262	2,741,475	887,213	2,793,107
7	67,129	3,199,658	939	1,878,000	253,396	2,131,396	3,199,658	1,068,262	3,861,369
8	76,190	3,659,194	1,066	2,132,000	274,237	2,406,237	3,659,194	1,252,957	5,114,326
9	88,124	4,120,277	1,193	2,386,000	294,785	2,680,785	4,120,277	1,439,492	6,553,818
10	93,931	4,582,978	1,315	2,630,000	315,041	2,945,041	4,582,978	1,637,937	8,191,755
11	102,616	5,048,006	1,437	2,874,000	335,016	3,209,016	5,048,006	1,838,990	10,030,745
12	111,179	5,515,463	1,556	3,112,000	354,711	3,466,711	5,515,463	2,048,752	12,079,497
13	119,623	5,985,837	1,675	3,350,000	374,132	3,724,132	5,985,837	2,261,705	14,341,202
14	127,948	6,459,256	1,791	3,582,000	393,280	3,975,280	6,459,256	2,483,976	16,825,178
15	136,187	6,936,229	1,906	3,812,000	412,161	4,224,161	6,936,229	2,712,068	19,537,246

16	144,251	7,417,039	2 020	4,040,000	430,777	4,470,777	7,417,039	2,946,262	22,483,508
17	152,231	7,901,970	2,131	4,262,000	440,121	4,702,121	7,901,970	3,160,820	25,644,328

13 119,623 5,985,837 1,675 3,350,000 374,132 3,724,132 5,985,837 2,261,705 2,483,976 19,537,246
 14 127,948 6,459,256 1,791 3,582,000 393,280 3,975,280 6,459,256 2,483,976 16,825,178
 15 136,187 6,936,229 1,906 3,812,000 412,161 4,224,161 6,936,229 2,712,068

16	144,251	7,417,039	2,020	4,040,000	430,777	4,470,777	7,417,039	2,946,262	22,483,598
17	152,231	7,901,970	2,131	4,262,000	449,131	4,711,131	7,901,970	3,190,839	25,674,347
18	160,100	8,391,577	2,241	4,482,000	467,230	4,949,230	8,391,577	3,442,347	29,116,604
19	167,859	8,886,185	2,350	4,700,000	485,075	5,185,075	8,886,185	3,701,110	32,817,804
20	175,509	9,386,130	2,457	4,914,000	502,670	5,416,670	9,386,130	3,969,460	36,787,204
21	183,052	9,891,886	2,563	5,126,000	520,019	5,646,019	9,891,886	4,245,867	41,033,131
22	190,489	10,403,823	2,667	5,334,000	537,124	5,871,124	10,403,823	4,532,699	45,565,830
23	197,822	10,922,449	2,770	5,540,000	553,990	6,093,990	10,922,449	4,828,459	50,394,289
24	205,052	11,448,167	2,870	5,740,000	570,619	6,310,619	11,448,167	5,137,548	55,531,837
25	212,782	11,981,653	2,971	5,942,000	587,018	6,529,018	11,981,653	5,452,635	60,984,472
26	219,211	12,523,092	3,069	6,138,000	603,185	6,741,185	12,523,092	5,781,907	66,766,379
27	226,141	13,073,195	3,166	6,332,000	619,126	6,951,126	13,073,195	6,122,069	72,888,448
28	232,976	13,632,441	3,262	6,524,000	634,844	7,158,844	13,632,441	6,473,597	79,362,045
29	239,714	14,201,333	3,356	6,712,000	650,342	7,362,342	14,201,333	6,838,991	86,201,036
30	246,358	14,780,517	3,449	6,898,000	665,623	7,563,623	14,780,517	7,216,894	93,417,930
31	252,909	15,370,539	3,541	7,082,000	680,690	7,762,690	15,370,539	7,607,849	101,025,779
32	259,368	15,971,967	3,631	7,262,000	695,546	7,957,546	15,971,967	8,014,421	109,040,200
33	265,737	16,585,517	3,720	7,440,000	710,195	8,150,195	16,585,517	8,435,322	117,475,522
34	272,017	17,211,810	3,808	7,616,000	724,639	8,340,639	17,211,810	8,871,171	126,346,693
35	278,209	17,851,489	3,895	7,790,000	738,880	8,528,880	17,851,489	9,322,609	135,669,302
36	284,314	18,505,223	3,980	7,960,000	752,922	8,712,922	18,505,223	9,792,301	145,461,603
37	290,334	19,173,835	4,065	8,130,000	766,768	8,896,768	19,173,835	10,277,067	155,738,670
38	296,269	19,857,928	4,148	8,296,000	780,418	9,076,418	19,857,928	10,781,510	166,590,180
39	302,121	20,558,380	4,230	8,460,000	793,878	9,253,878	20,558,380	11,304,502	177,824,682
40	307,891	21,275,980	4,310	8,620,000	807,149	9,427,149	21,275,980	11,848,831	189,673,513
41	313,581	22,011,674	4,390	8,780,000	820,236	9,600,236	22,011,674	12,411,438	202,084,951
			100,809	201,618,000	20,620,743	222,238,743	424,323,694	202,084,951	

A

Condensed Statement of transactions of aggregated Life Insurance Companies of this State, and of other States transacting business, in this State, compiled from NEW YORK STATE GOVERNMENT REPORTS.

N.B.—This does not include any of the Companies of other States that do no business in this State.

ASSETS. —Total on 31st December, 1871.....	\$302,558,199
Do. do. do. 1877.....	398,420,590
Increase in 6 years	<u>\$93,862,391</u>
INCOME for 6 years, to 31st December, 1877	\$642,601,053
DISBURSEMENTS do. do.	<u>*474,879,004</u>
Surplus Income.....	\$167,722,049
From this, deduct increased Assets..	<u>93,862,391</u>
Short accounted for	<u>\$73,859,658</u>

OUTSTANDING on 31st December, 1871, to which is added business of 1872, 3, 4, 5, 6 and 1877. Say totals.

	Policies.	At Risk.
	1,644,599	\$4,119,029,805
Less terminated....	† 811,695	† 2,077,634,648
Balance should be..	832,904	2,041,395,157
Report only shows..	633,096	1,556,105,323
Short accounted for ..	<u>199,808</u>	<u>\$485,289,534</u>

* Disbursements made up as follows :—

To Policy-holders, in Cash and Notes	\$380,639,631
“ Officers, Agents, and other charges	94,245,373

† Included in these items are the following :—

	Policies.	At Risk.
Terminated by Death and Maturity.....	62,283	\$144,555,900
Do. b Lapse	385,381	921,378,820
Do. by Surrender	183,795	508,757,536

The Government doing the same work for 6 approximate years on the proposed plan, would compare thus :—

	Companies.	Government.
Income, 6 years	\$642,601,053	\$671,697,732
Pay to Insured	\$390,633,631	336,180,000
Agents and Expenses	94,245,373	33,719,493
Net surplus income.....	<u>\$157,722,049</u>	<u>\$299,798,239</u>
Item, Agents' Expenses favours new plan by	60,525,800	

† In this sum is included what the Companies paid for repurchase, lapse, and surrendered Policies, while in the case of the Government, the whole amount is paid to the Insured without discount.

GOVERNMENT LIFE INSURANCE.

To the Editor of the FREE PRESS, Ottawa.

DEAR SIR,—As I have been informed by a member of the House of Commons that my figures anent the Government Life Insurance question, contained in my pamphlet, are reported to be wrong, I wish to state that I am prepared to prove their correctness by the Government reports, and as to the estimate of probable deaths, I have been entirely guided by Dr. Farr's tables, made up from the registered deaths of one million persons in England and Wales. His expectancy tables are most reliable, as they cover such a vast number, and because they are lower than either the Carlisle or American tables.

My calculations have been made by the rule of proportion on each age, covering a period of forty-five years, and therefore should be correct. By the same rule may be deduced the following facts, viz., that out of 100,000 persons, 34,283 died before the age of 20, and 29,867 between the age of 20 and 60, and 35,850 beyond the age of 60 years.

The Government reports show what amount goes out of the country annually, as far as the companies report *correctly*, and on the latter must rest the responsibility of error, if there are any such, as they furnish *sworn statements* to the former, consequently when I challenge those interested or my traducers publicly, they are cute enough to keep silent. Why do they not come out boldly through the press, in the same manner as I have done, and give me an opportunity to reply?

The great point in the whole scheme as advanced is this: From the public exposures made of frauds in various ways, and even perjury, also the many failures that are reported, all have contributed to create an absolute want of confidence in the present régime, *which mistrust has and does prevent many from insuring*, hence the necessity of the remedy now proposed, in order to secure confidence in making provision for the helpless widows and orphans when their chief support is removed from them.

Besides, the foregoing is the fact that as *true patriots*, we should keep our money in our own country, instead of allowing it to be carried abroad, *and whatever saving can be made by the change*, LET IT BE APPLIED TO OUR OWN ADVANTAGE.

Yours truly,

THOMAS R. JOHNSON.

OTTAWA, March 14th, 1879.

(LETTER FROM A. G. RAMSAY, "CANADA LIFE.")

MR. T. R. JOHNSON ON LIFE ASSURANCE.

Marginal Notes by T. R. Johnson.

To the Editor of the MONTREAL HERALD.

SIR,—In the Ottawa correspondence of the *Globe*, as to the Government Life Insurance in yesterday's paper, it was mentioned that a Mr. T. R. Johnson, an ex-accountant of an Insurance Company, has stated that "nearly \$2,000,000 is

Insurance
business, in
REPORTS.

states that do

302,558,199

396,420,590

\$93,862,391

342,601,053

474,879,004

167,722,049

93,862,391

373,859,658

At Risk.

119,029,805

77,634,648

41,395,157

556,105,323

185,289,334

\$380,633,631

94,243,373

At Risk.

\$144,555,400

921,378,820

506,757,536

are on the

Government.

371,697,732

438,180,000

33,719,493

399,798,239

60,525,800

lapsed, and

ount is paid

annually carried away by foreign insurance companies," but I dare say you will be surprised to hear that there is not one-fifth of that sum so carried away, as you will see by the following figures, taken as far as possible from the latest Government returns.

Total premiums received by all British and American Companies in 1877, \$1,877,079.

Of which there was paid to policy-holders.....	\$995,423
Expenses say.....	281,562
Invested in Canada during year, say.....	200,000

\$1,476,985

Leaving taken out of Canada, say..... \$400,094

Your correspondent adds that Mr. Johnson has prepared and distributed in Parliament a pamphlet upon the subject of Life Insurance. It will be unfortunate if his other statistics, to which allusion is made, be not more accurate than those quoted.

I have before me a pamphlet which Mr. Johnson published last year in the United States, in which by an elaborate calculation, he proved to his own satisfaction, that if the United States Government would enter upon Life Assurance business, it would in forty-five years have accumulated \$2,578,000,000, or far more than enough to pay off the entire national debt; but he based that upon the assumption that the deaths would not each year average over 14 per thousand lives, a rate of mortality which as years advanced must be so greatly exceeded, however, as to make his figures altogether valueless.

In proof of this, the following is the average of deaths experienced by some of the old established companies of the highest standing in Great Britain:—

DEATHS PER THOUSAND.

Atlas.....	39
Clerical, etc.....	22
Crown.....	23
Guardian.....	48
Law Life.....	39
London Assurance Corporation... 40	
London Life.....	26
Pelican.....	66
Provident.....	37
Rock.....	39
Royal Exchange.....	29
Scottish Amicable.....	24
Scottish Union.....	24
Standard.....	35
Sun.....	23

NOTE.—This year was not referred to by me. Also Mr. Ramsay uses the words as *far as possible*, and *say*, all given without proof of accuracy, and therefore, of no value in refutation.

T. R. J.

NOTE.—My assumption is taken from facts reported to the Government, and the highest rate taken as a whole. I now find from Government report that the "Canada Life" in their sworn statement for 1877, report only 90 deaths, while 14 per 1000 would give 140 deaths. The mere assertion of Mr. Ramsay about the deaths in the following companies in Great Britain, without any explanation or even dates or classification, is presumption and valueless for want of positive authority.

CONTRAST.

Varin gives for all France 20 to 50 years, average 12 per 1000.
Dr. Farr, 15 to 60 years, average 13.94 per 1000.
American Government, highest, 14 per 1000.
Canada Life for 1877, was only 9 per 1000.
(The last two have positively reported as above.)
All life insurance reports for Canada in 1877 was 511, or a little over 10 per 1000.
Ætna Life was only 8 per 1000.
(The oldest company quoted in the N. Y. State, Reports is dated 1835, therefore is 44 years old. Mr. Ramsay's statement is therefore false.)

T. R. J.

No doubt other companies, the bulk of whose business is of a recent date, would show lower mortality than the above, but these are a fair comparison with the business upon which Mr. Johnson assumes a mortality of fourteen per thousand, and the accumulation of 2,578 millions. It may be said that few American companies exceed a death ratio of fourteen per one thousand, but it is simply because they have not yet been long enough in existence to have attained the higher death rate. None of them have yet been forty years in business, and, with the oldest of them, the bulk of their business has been acquired during the last fifteen years.

Your obedient servant,

A. G. RAMSAY,

Man. Director Canada Life Ass. Co.

CANADA LIFE ASS. CO.'S OFFICE, }
Hamilton, March 11th, 1879.

(REPLY TO ABOVE.)

T. R. JOHNSON ON LIFE ASSURANCE.

To the Editor of the MONTREAL HERALD.

SIR,—Under the above caption in your issue of the 14th inst., I notice a letter signed by A. G. Ramsay, Managing Director of the Canada Life Assurance Company, dated Hamilton, March 11th, 1879. Now, sir, as you have opened your columns to make an attack on the correctness of the calculations, &c., made in my pamphlet on this subject, I trust you will accord me space enough for this reply.

Your said correspondent is in error with regard to several unimportant allegations, which I will pass over however, in order to take up those of greater magnitude. His attempt to prove me wrong with regard to the nearly two million dollars, *should* have been confined to, and embrace the identical same years that I speak of, to wit, the years from 1869 to 1875, and should he have succeeded in that way to prove anything, he might then have exalted in triumph. For the benefit of your many readers, I will here give the figures taken from Government reports for the years that I have always referred to, and surely, any one can judge for themselves whether your correspondent or I are nearest the mark of accuracy. The surplus receipts over all *reported* disbursements by *foreign companies*, are set down at \$9,383,906, which is an average of \$1,563,984 per annum, for the six years named, and is very different from what Mr. Ramsay tries to show, when he says, "one-fifth of that sum is carried away." The ingenuity of introducing a single year—and that one, not even included in those I refer to—is worthy of an interested partizan. Yet, if he is prepared, able and willing to correctly show with satisfactory evidence, how much of what is called disbursements, has been paid to foreign stockholders, trustees, managers and agents, how much has been kept back from the helpless widows and orphans; how much has been forfeited by the insured, by lapsed, surrendered and other terminated policies, and possibly charged and included as regular disbursements; and how the accounts may or may not

have been specially prepared to cover such work. I say, when he is prepared to do this for all the companies that have reported to our Government, the country will be able to appreciate his labours and will then, possibly, find that my-figures are no exaggerations after all.

Mr. Ramsay in his wonderful self-satisfaction, says as follows of my pamphlet. "Published last year in the United States, in which by an elaborate calculation, he proved to his own satisfaction, that if the United States Government would enter into Life Assurance business, it would in forty-five years, have accumulated \$2,578,000,000, or far more than enough to pay off the entire national debt; but he based that upon the assumption that the deaths would not each year average over fourteen per thousand lives, a rate of mortality which as years advanced, must be so greatly exceeded, however, as to make his figures altogether valueless."

In answer to this, I affirm that I have taken the highest rate of mortality that I found in the Government reports in my possession, and which are said to be higher than the actual experience. In Mr. Smith's "Notes on Life Insurance," published in New York, 1876, at page 18, he says: "It is, however, maintained by Life Insurance experts that either of the tables referred to is sufficiently accurate for practical purposes;" and at page 20, he says, "Mortality tables are based upon statistical information obtained by observation and experience." To the foregoing may be added that I have consulted the tables prepared by Dr. Farr, F.R.S., of London, which produce the following facts: say at the age of 35, out of 571,993 lives, there died 6,533 that year; and by the rule of proportion, it is evident that out of 100,000 lives, the deaths would be only 1142; but as I have allowed 1400 at that age. *I am above the mark by 258*, and having made all my calculations in that liberal way, I am prepared to stand by them. Further, let me state that your correspondent must be in error in his memo. of mortality, or else the Registrar General of London, and other authors are; the public must decide in which it will place most confidence.

From the tables in question I have worked out the following facts, which are here produced in a condensed form, say, out of 100,000 lives; there died before the age of 20, 34,283; and between 20 and 60 years, 29,867; and beyond 60 years, 35,850. If Mr. Ramsay will take the trouble to consult the same authority, he will find that others can calculate as well as himself. He will also find (if he is well posted) the following facts bearing on mortality or expectancy of life:—

	Years. Say at 20	Years. 30	Years. 40	Years. 50	Years. 60
Belgium Table.....	43	35	27	20	13
Carlisle do	41½	34½	27¾	21¾	14¾
American do	42½	35¾	28¾	20¾	14 1-12
Dr. Farr do	39 1-5	33 7-10	26 7-10	20 1-7	13 9-10

I have consulted other authorities besides the above, and find most certainly that Dr. Farr is the lowest and safest of modern authors.

Now, sir, as to Mr. Ramsay's second paragraph, in which he says that "it will be unfortunate if his other statistics, to which allusion is made, be not more accurate than those quoted." Well, your readers can now compare the facts and

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draw their own conclusions, and if they want any more evidence, I can give it, and also produce the figures and authority to prove my work, and also, if the Dominion Government will undertake the work, that in forty-one years the savings will amount to over two hundred millions of dollars.

There is no necessity for the Government to cancel existing charters, but since there is an evident want of confidence in the present system by a vast majority of people, it surely is more just and wise that the Government should provide the facilities for insurance where implicit confidence can be placed. At present only about 50,000 out of 400,000 insurable lives are insured.

Finally, as Mr. Ramsay has not seen fit to enlarge on the other points of importance contained in the pamphlet, it seems natural to infer that he has nothing to say respecting them, consequently, I will leave the subject for the present, claiming the right and privilege of answering him should he send any further letters on the subject.

Yours truly,

THOS. R. JOHNSON.

OTTAWA, March 15th, 1879.

MR. ORR'S LETTER AND ANSWER.

LIFE INSURANCE STATISTICS.

To the Editor of the MONTREAL HERALD.

DEAR SIR,—In your issue of the 18th inst., Mr. Johnson replies to Mr. Ramsay's exposure of his exaggerated statements as to the amount of money being sent out of Canada for life insurance. But in doing so, it is noticeable that he modifies his "two millions per annum," as follows:—

"The surplus receipts over all *reported* disbursements by foreign companies, are set down at \$9,383,906, which is an

NOTE.—My whole answer does not modify my assumption of nearly two million dollars, when the questions I put are answered.

T. R. J.

average of \$1,563,984 per annum, for the six years named, and is very different from what Mr. Ramsay tries to show when he says, 'not one-fifth of that sum is carried away.'"

What Mr. Ramsay showed was that not one-fifth of "two millions per annum" was carried away. Mr. Johnson falls back on the figures shown in the blue-book as establishing \$1,563,984 to be the precise sum exported per annum. But surely Mr. Johnson must be aware that the returns to Government from 1869 to 1877 inclusive, did not call for or contain any information about expenses, such

as office rent, salaries, commissions, taxes, advertising, postage, &c., nor about investments in Canada, nor about loans on policies, nor about cash dividends paid. And surely he knows there are such things connected with the busi-

NOTE.—Why does Mr. Orr persist in quoting years that are not in my statement. Surely, surplus receipts over *all* disbursements, as reported *under oath* to the Government, *must* include those mentioned by Mr. Orr, or why swear to them in that way. Who gets the dividends, &c.?

T. R. J.

Years.
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ness of foreign companies as expenses, local investments, loans and dividends. How, then, can he justify himself in mentioning such figures as \$1,563,984, when he must know that about two-thirds of that amount, at least, could not have left Canada? Most of the business done during the first portion of those years was on the half-note plan, whereby half of all premiums were loaned to the Canadian policy-holders, and the expenses and most of the death claims, paid out of the other half. I doubt, therefore, if the actual money sent out of Canada exceeded one-fifth of Mr. Johnson's reduced million and a half.

If I am correct in this, or if Mr. Ramsay is correct in his statement, then the \$3,000,000 of Quebec bonds taken up in New York a few weeks ago, by American investors, more than returns all that was taken away, and shows that Americans know how to appreciate a good financial offer, irrespective of boundary lines.

The other point on which Mr. Ramsay took Mr. Johnson to task, was representing the mortality among assured lives, as likely to average only 14 per 1000. One would have supposed any reasonable man would have been satisfied with the statistics given by Mr. Ramsay, taken from the actual experience of a large number of the best British Companies, showing the actual mortality more than double Mr. Johnson's representations. But any school-boy can divide 14 into 1000, and thus discover that it would take nearly 72 years at that rate for the 1000 people now aged 35 to die off. In other words, nearly one-tenth of them would become centenarians, and 14 of them live to nearly 107 years of age.

The Government of Great Britain lost ten millions of pounds sterling by using

NOTE.—Mr. Orr simply volunteers this assertion and says *about so and so*, but he is not able to give proof. Does he mean to say that the renewal premiums of old policies were received in notes, or that the companies have not noticed what was done with their funds when reporting?

T. R. J.

NOTE.—What has such loan to do with the life insurance matter under consideration?

T. R. J.

NOTE.—This assertion on the part of Mr. Ramsay and Mr. Orr can have no force as evidence, because no dates nor authority are given, and all is mere clap-trap on their part, if you will read their boastful reports presented to the stockholders each year, you will see it stated always that the deaths are actually less than the expectancy.

T. R. J.

NOTE.—See my answer on this point.

T. R. J.

a wrong mortality table for selling annuities, but that is a trifle to the amount our Government would itself be short if it adopted Mr. Johnson's erroneous 14 per 1000 calculations.

Yours, &c.,

WILLIAM H. ORR.

MONTREAL, April 1st, 1879.

(ANSWER TO ABOVE.)

LIFE INSURANCE STATISTICS.

To the Editor of the MONTREAL HERALD.

DEAR SIR,—I have to ask you the favour of inserting this reply to the letter of attack made on me by Mr. William H. Orr, dated Montreal April 1st, which appeared in your issue of the 2d.

I trust that your many readers do still remember my answer to Mr. Ramsay, of the 14th March, which answer you was pleased to insert on the 18th of the same month; also the fact that Mr. Ramsay has not yet replied to the few pertinent questions which I put to him. Well, a few days ago, Mr. Orr, Mr. Ramsay and several other Life Insurance delegates, were here lobbying about this business, and Mr. Orr was kind enough to introduce Mr. Ramsay to me; at that interview, I asked Mr. Ramsay why he did not reply to my letter? He very adroitly said that he had no time, and he immediately disappeared in a hurry, probably fearing a debate on such a tender point, particularly with me.

Mr. Orr himself had a long talk with me while here, which I think was on the 1st instant, and by his conversation at the start, he showed his ignorance of the fact that I had studied the ramifications of the Life Insurance business, and did not require any instructions from him on the subject. I told him this very plainly when he advanced the idea of my appealing to *so-and-so* in the United States for information. I also told him that I had nothing to learn from him or others that is worth learning, and that I positively would not study the system of cheating the helpless widows and orphans.

Since Mr. Orr takes up the role of an apologist for Mr. Ramsay, or probably to speak more correctly, for the Insurance Companies, and as he evidently has read my letter to Mr. Ramsay, I will simply ask him to reply to my questions put to Mr. Ramsay *verbatim*. The Blue-Book that he refers to, speaks for itself, and his quotation of my statement is only correct as far as it goes, and probably when he answers my questions as above intimated, the public will find that *nearly two million dollars* a year have been carried out of this country as stated by me. Your readers will bear in mind that the figures given in the Government reports, show the *surplus* as being so much *over all disbursements*, which any "school-boy" will understand, includes the whole list of details that Mr. Orr refers to, and likely some that are not so included, because it is a well known fact that such companies are not slow to exhibit large figures, not only in the item of receipts, but of payments also.

His pretensions about investments are very ingenuously put, but they lack positive detailed evidence as to figures, &c., to prove anything in his favour, especially when we consider the source from whence the mere assertion emanates. It surely is worthy of a partizan to introduce the subject of the \$3,000,000 Quebec bonds into this business, but Mr. Orr gives this wonderful reason for it, stating that it "shows that Americans know how to appreciate a good financial offer, irrespective of boundary lines." To which fact let me here add, that this is the very reason why they have established so many Life Insurance Companies in Canada, knowing that they do make very large profits out of us in this business.

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Now as to the death rate and the "school-boy's" work, let me state that I am surprised that such an adept critic did not give his example of "1,000 divided by 14 which gives 72," and add the latter figures to 60 instead of 35, for in that case we might conclude a possibility of living to 132 years. However, as "school boys" may require a little instruction in this matter, I will just propound this question gratis. Say that there died 20,521 persons, and that the aggregate years of life passed through by them was 1,283,034, how old was the last one that died?

I find from actual uncontradicted facts on record, that out of one million persons, 149,495 died under one year old. So I find also that two celebrated ACTUARIES, in making their official report, dated London 1876, stated most distinctly that they were guided in their calculations by the "Carlisle Table" of expectancy of life, which Mr. Orr was vain enough to tell me was not the case, that is, that none of the Expectancy Tables were taken into account as an absolute guide, of course I denied his pretensions instantaneously. Let it be remembered that I have taken a continuous average of aggregate lives that may be insured from year to year, and as presently will appear my conclusions of 14 deaths per 1,000 on a general average is correct, and agrees with the actual American Government Reports. Consequently, Mr. Orr should not show his ignorance so glaringly as to say that his "school boy's" calculation of 72 must always be added to 35, because persons do insure as young as 16.

I find that in New Zealand the life insurance business done by the Government, from March 1870 to 30th June, 1878, covered 10,299 lives, out of which only 168 deaths actually took place during that period, while in my estimate for the same number of persons, each year 557 deaths are provided for on the basis I have stated. Again, I find that out of 1,000 lives at 16 years, six died within that year, and out of the same number of lives at each of the following years, the deaths were as here stated, viz.: at 20 years, 8½; at 25 years, 9½; at 30 years, 10½; at 35 years, 11½; at 40 years, 13; at 45 years, 14½; at 50 years, 17½; and at 60 years, 30½. Consequently, as I have averaged the whole year by year, I base my general average from the actual figures produced as already stated; and Mr. Orr may know once for all, that I have not been kite-flying in the clouds, nor can he take me there to see what he fancies are hidden mysteries in working life insurance.

Mr. Orr has no business to assert that the Government of Great Britain lost ten million pounds sterling, by using a wrong Mortality Table. This gratuitous information is at once absurd and a slander, and his mere assertion of the case does not make it a fact; and as it lacks authentic evidence, it is not worth much especially when coming from such a source, he being over 3,000 miles away from the place where contradictory evidence can be easily produced, fancies himself safe under these circumstances, but his fancied seclusion will not avail in this instance.

As we have now heard the roar of the big guns, and none but themselves are hurt, I can afford to reserve my torpedoes for the general charge of an ingenious enemy, and in the meantime, state as an excuse for this long letter, that I will not notice any more of such productions which a "school boy" can answer instead of me.

Yours truly,

THOMAS R. JOHNSON.

OTTAWA, April 5th, 1879.

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